

6156
RECEIVED
LEGISLATIVE AUDITOR
2009 JAN -5 AM 11:12

**SCHOOL FOR A NEW MILLENNIUM, INC.
(FORMERLY CHILDREN'S CHARTER SCHOOL, INC.)**

FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/14/09

SCHOOL FOR A NEW MILLENNIUM, INC.
TABLE OF CONTENTS

	Page
Independent auditor's report	1-2
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	3-4
Financial statements:	
Statement of financial position	5
Statement of activities	6-7
Statement of cash flows	8
Notes to financial statements	9-10
Supplemental information:	
Schedule of functional expenses	11-12
Schedule of findings and responses	13
Schedule of prior year findings and responses	14

ROY HEBERT
CERTIFIED PUBLIC ACCOUNTANT

7938 GOODWOOD BOULEVARD
BATON ROUGE, LOUISIANA 70806-7629
(225) 927-7555
(225) 927-7556 FAX
ROYABEAR@BELLSOUTH.NET

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
School for a New Millennium, Inc.

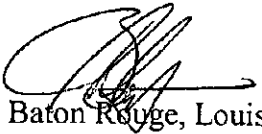
I have audited the accompanying statements of financial position of School for a New Millennium, Inc. (formerly Children's Charter School, Inc.) (a non-profit organization) as of June 30, 2008, and 2007, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of School for a New Millennium, Inc. as of June 30, 2008, and 2007, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 30, 2008, on my consideration of School for a New Millennium, Inc.'s internal control over financial reporting and on my tests of its compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audits.

My audits were conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to be 'R. L. B.', is written over the text 'Baton Rouge, Louisiana'.

Baton Rouge, Louisiana
December 30, 2008

ROY HEBERT
CERTIFIED PUBLIC ACCOUNTANT

7938 GOODWOOD BOULEVARD
BATON ROUGE, LOUISIANA 70806-7629
(225) 927-7555
(225) 927-7556 FAX
ROYABEAR@BELLSOUTH.NET

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
School for a New Millennium, Inc.

I have audited the financial statements of School for a New Millennium, Inc. (formerly Children's Charter School, Inc.) (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued my report thereon dated December 30, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered School for a New Millennium, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School for a New Millennium, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be

significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether School for a New Millennium, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information and use of the board of directors, management and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to be 'J. B. ...', is written over the printed text of the location and date.

Baton Rouge, Louisiana
December 30, 2008

SCHOOL FOR A NEW MILLENNIUM, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008, AND 2007

ASSETS	<u>2008</u>	<u>2007</u>
Current assets		
Cash in bank	\$ 86,129	\$ 167,705
Certificates of deposit	25,000	55,000
Cash and money market account	62,196	2,324
Accounts receivables	233,703	84,094
Prepaid expense	14,912	3,880
Marketable securities	<u>-</u>	<u>151,038</u>
Total current assets	<u>421,940</u>	<u>464,042</u>
Property and equipment		
Land	139,066	139,066
Building	111,528	111,528
Building and land improvements	106,428	106,428
Furniture	28,607	25,610
Machinery and equipment	207,821	181,382
Playground equipment	<u>14,385</u>	<u>12,754</u>
	607,836	576,768
Less accumulated depreciation	<u>(201,185)</u>	<u>(172,202)</u>
Net property and equipment	<u>406,651</u>	<u>404,566</u>
TOTAL ASSETS	<u>\$ 828,591</u>	<u>\$ 868,608</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 23,939	\$ 38,702
Payroll taxes withheld and accrued	<u>1,220</u>	<u>3,020</u>
Total current liabilities	<u>25,159</u>	<u>41,721</u>
 NET ASSETS		
Unrestricted	655,092	678,546
Restricted	<u>148,340</u>	<u>148,340</u>
TOTAL NET ASSETS	<u>803,432</u>	<u>826,886</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 828,591</u>	<u>\$ 868,608</u>

See accountant's report and notes to financial statements.

SCHOOL FOR A NEW MILLENNIUM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
State charter school funding	\$ 1,858,094	\$ -	\$ 1,858,094
Grants	240,391	113,000	353,391
Book and supply sales	411	-	411
Other miscellaneous revenue	132,924	-	132,924
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>113,000</u>	<u>(113,000)</u>	<u>-</u>
Total revenue and support	<u>2,344,820</u>	<u>-</u>	<u>2,344,820</u>
EXPENSES			
Program service expenses			
Academic programs	2,107,467	-	2,107,467
Supporting services expenses			
General and administrative	<u>260,807</u>	<u>-</u>	<u>260,807</u>
Total expenses	<u>2,368,274</u>	<u>-</u>	<u>2,368,274</u>
Change in net assets	<u>(23,454)</u>	<u>-</u>	<u>(23,454)</u>
Net assets at beginning of the year	<u>678,546</u>	<u>148,340</u>	<u>826,886</u>
Net assets at end of the year	<u>\$ 655,092</u>	<u>\$ 148,340</u>	<u>\$ 803,432</u>

See accountant's report and notes to financial statements.

SCHOOL FOR A NEW MILLENNIUM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
State charter school funding	\$ 1,554,278	\$ -	\$ 1,554,278
Grants	6,942	71,100	78,042
Book and supply sales	7,554	-	7,554
Other miscellaneous revenue	117,332	-	117,332
Net assets released from restrictions			
Restrictions satisfied by payments	<u>66,100</u>	<u>(66,100)</u>	<u>-</u>
Total revenue and support	<u>1,752,207</u>	<u>(5,000)</u>	<u>1,757,207</u>
EXPENSES			
Program service expenses			
Academic programs	1,670,451	-	1,670,451
Supporting services expenses			
General and administrative	<u>128,245</u>	<u>-</u>	<u>128,245</u>
Total expenses	<u>1,798,696</u>	<u>-</u>	<u>1,798,696</u>
Change in net assets	<u>(46,489)</u>	<u>(5,000)</u>	<u>(41,489)</u>
Net assets at beginning of the year	<u>725,036</u>	<u>143,340</u>	<u>868,375</u>
Net assets at end of the year	<u>\$ 678,546</u>	<u>\$ 148,340</u>	<u>\$ 826,886</u>

See accountant's report and notes to financial statements.

SCHOOL FOR A NEW MILLENNIUM, INC.
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Change in net assets	\$ (23,454)	\$ (41,489)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	28,983	27,527
Gain on disposal of securities	(4,598)	-
Noncash investment (income) loss	-	(683)
(Increase) decrease in accounts receivable	(149,609)	(17,069)
(Increase) decrease in prepaid expense	(11,032)	1,834
Increase (decrease) in accounts payable	(14,763)	35,383
Increase (decrease) in other accrued liabilities	<u>(1,800)</u>	<u>3,020</u>
Total adjustments	<u>(152,818)</u>	<u>50,010</u>
Net cash provided (used) by operating activities	(176,272)	8,521
Cash flows from investing activities		
Proceeds from disposal of securities	158,026	-
Purchases of property and equipment	(31,068)	(55,021)
Purchase of securities	<u>(2,390)</u>	<u>(6,844)</u>
Net cash provided (used) by investing activities	<u>124,568</u>	<u>(61,865)</u>
Net increase (decrease) in cash and equivalents	(51,705)	(53,344)
Cash and equivalents at beginning of the year	<u>225,029</u>	<u>278,373</u>
Cash and equivalents at end of year	<u>\$ 173,324</u>	<u>\$ 225,029</u>

See accountant's report and notes to financial statements.

SCHOOL FOR A NEW MILLENNIUM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE A: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

School for a New Millennium, Inc. (the School) is a not-for-profit organization incorporated on November 8, 1995, under Louisiana Revised Statute 17:3991. The School operates a charter school in Baton Rouge, Louisiana under contract with the East Baton Rouge Parish School Board. The School is primarily funded by funds received under this contract.

Basis of Accounting

The School prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

In accordance with SFAS No. 117, *Financial Statements for Not-for-profit Organizations*, the School reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted assets, and permanently restricted assets. The School has no permanently restricted assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Buildings, Equipment, Improvements, and Depreciation

Acquisitions of buildings, equipment, and improvements and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Buildings, equipment, and improvements are stated at cost less accumulated depreciation. Depreciation is being provided by use of the straight-line method over the estimated useful lives of the related assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

SCHOOL FOR A NEW MILLENNIUM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Expense Allocation

The costs of providing various academic programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Investments

The School carries its investment in debt securities (certificate of deposit) at their fair value in the Statements of Financial Position.

Income Taxes

School for a New Millennium, Inc. is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The School maintains cash balances at a financial institution located in Baton Rouge, Louisiana. The Federal Deposit Insurance Corporation insures the balances up to \$100,000. At June 30, 2008 and 2007, the School's uninsured cash balances totaled \$77,385 and \$152,786, respectively.

Concentration of Funding Sources

The School received approximately 79% and 85% of its annual budget from the East Baton Rouge Parish School Board in the years ended June 30, 2008 and 2007, respectively.

NOTE B: FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair values of the School's financial instruments, none of which are held for trading purposes, are as follows:

Cash, certificates of deposit, and cash in money market accounts are carried at \$173,325 and \$225,029 in the years ended June 30, 2008 and 2007, respectively, and have a fair value of the same amounts because of the short maturities of those investments.

SUPPLEMENTAL INFORMATION

SCHOOL FOR A NEW MILLENNIUM, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>	<u>TOTALS</u>
Depreciation expense	\$ 28,983	\$ -	\$ 28,983
Development assessment	-	22,595	22,595
Equipment lease	10,321	-	10,321
Food service	224,946	-	224,946
Insurance	136,610	-	136,610
Materials and supplies	67,183	11,655	78,838
Miscellaneous expenses	239,787	2,352	242,139
Payroll taxes	30,311	2,789	33,100
Professional development	5,799	-	5,799
Professional services	127,394	-	127,394
Rent	1,200	-	1,200
Repair and maintenance	156,772	-	156,772
Retirement	105,537	-	105,537
Salaries	645,456	106,801	752,257
Saturday school	56,016	-	56,016
Security	7,500	-	7,500
Special events	20,749	-	20,749
State association expenses	-	106,550	106,550
State conference expenses	-	-	-
Summer camp	89,453	-	89,453
Telephone	-	8,064	8,064
Textbooks	42,085	-	42,085
Transportation service	69,373	-	69,373
Travel expenses	507	-	507
Utilities	41,485	-	41,485
	<u>\$ 2,107,467</u>	<u>\$ 260,807</u>	<u>\$ 2,368,274</u>

SCHOOL FOR A NEW MILLENNIUM, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	PROGRAM SERVICES	SUPPORTING SERVICES	TOTALS
Depreciation expense	\$ 27,527	\$ -	\$ 27,527
Development assessment	-	11,658	11,658
Equipment lease	9,475	-	9,475
Food service	184,794	-	184,794
Insurance	117,048	-	117,048
Materials and supplies	24,166	7,794	31,960
Miscellaneous expenses	203,081	1,034	204,115
Payroll taxes	21,312	-	21,312
Professional development	19,553	-	19,553
Professional services	102,006	-	102,006
Rent	1,200	-	1,200
Repair and maintenance	106,102	-	106,102
Retirement	90,651	-	90,651
Salaries	537,770	97,170	634,940
Security	-	-	-
Special events	6,841	-	6,841
State association expenses	-	3,022	3,022
State conference expenses	-	298	298
Summer camp	93,169	-	93,169
Telephone	-	7,271	7,271
Textbooks	9,075	-	9,075
Transportation service	69,792	-	69,792
Travel expenses	15,444	-	15,444
Utilities	31,445	-	31,445
	<u>\$ 1,670,451</u>	<u>\$ 128,245</u>	<u>\$ 1,798,696</u>

SCHOOL FOR A NEW MILLENNIUM, INC.
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2008

There are no current year findings.

SCHOOL FOR A NEW MILLENNIUM, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2007

There were no prior year findings.